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02-22330

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U.S. BANKRUPTCY COURT
DISTRICT OF MARYLAND
GREENBELT

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(GREENBELT DIVISION)**

In re:

Mattress Discounters Corporation and
T.J.B., Inc.,

Debtors.

Chapter 11

Case No. 02-22330 DK
(Pending Joint Administration)

**ORDER AUTHORIZING PAYMENT OF PREPETITION
SALES, USE, FRANCHISE, REAL AND PERSONAL PROPERTY
AND OTHER TAXES**

Upon the Emergency Motion of the Debtors for Order Authorizing Payment of Prepetition Sales, Use, Franchise and Other Taxes and Regulatory Fees¹ and the Affidavit of Stephen Newton in Support of First-Day Motions and Applications; this Court having considered the motion and being fully advised; it appearing that appropriate notice and opportunity for a hearing on the motion was given; it appearing that the relief requested in the motion is appropriate in the context of these cases and necessary to ensure that the Debtors' business will be preserved; it appearing that the relief requested in the motion is in the best interests of the Debtors and their respective estates, creditors, stockholders and other parties in interest; and *good cause appearing therefor*;

IT IS HEREBY ORDERED THAT:

1. The motion be and hereby is granted.
2. The Debtors be and hereby are authorized, but not required, pursuant to sections 105(a) and 541(d) of the Bankruptcy Code, in their sole and absolute discretion and in the exercise of their business judgment, to pay in the ordinary course of the Debtors' business

¹ All capitalized terms used in this Order shall have the definitions attributed to them in the Motion unless otherwise indicated.

the Taxes (as defined in the motion) to the appropriate federal, state and local taxing authorities (the "Taxing Authorities") as the same become due and payable.

3. The banks maintaining an account upon which any of the Debtors' checks, drafts or wire transfers are drawn prior to, on or after the commencement of these Chapter 11 cases are authorized and directed to (i) honor any checks or drafts issued upon presentation thereof, or any transfer instructions upon receipt thereof, in each case, in respect of Taxes and (ii) rely upon the representations of the Debtors as to which such checks, drafts or wire transfers are in payment of Taxes pursuant to this Order.

4. Nothing in this Order shall impair the ability of the Debtors to contest the claim of any Taxing Authority or otherwise dispute, contest, set off or recoup such claim or assert any rights, claims or defenses related thereto or recover any monies paid to any entity pursuant to this Order or bring any suit, motion, action or other proceeding against any entity.

5. Notwithstanding the relief granted herein and any actions taken hereunto, nothing in this Order shall create any rights in favor of any governmental entity.

6. This Court retains jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: November 5, 2002


UNITED STATES BANKRUPTCY JUDGE

cc:
Mattress Discounters Corporation
T.J.B., Inc.
Hale and Dorr LLP
Arent Fox Kintner Plotkin & Kahn, PLLC
U.S. Trustee
Initial Service List

EXHIBIT A